

## General Long-Term Debt Account Group

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The following guidance is included for the benefit of those LEAs that have not yet implemented the new governmental reporting model established by GASB 34. In the new reporting model, the General Long-Term Debt Account Group is eliminated. Instead, long-term liabilities are reported in the government-wide statement of net assets, and a schedule of long-term debt is included in the notes to the financial statements.

Governmental funds are concerned with the flow of current financial resources. Accordingly, certain liabilities that are not expected to require the use of currently available resources are not reported in governmental funds. Instead, such liabilities are reported in a separate General Long-Term Debt Account Group. The General Long-Term Debt Account Group is an “account group” rather than a “fund” and, therefore, does not report results of operations. The General Long-Term Debt Account Group is a self-balancing set of accounting records which records certain long-term liabilities of the general government. It is established for the unmatured principal of long-term indebtedness that is not the primary obligation of the proprietary or similar trust funds. Debt related to proprietary and similar trust funds is addressed in Procedure No. 809.

Items normally included in a school district or county office of education’s long-term debt account group include the outstanding principal on bonds, capital leases, certificates of participation, state school building loans, and long-term liabilities for retiree benefits and compensated absences. Typically, long-term debts are incurred to construct or purchase buildings, land, and equipment for the LEA.

### Short-Term Portion of Long-Term Debt and Accrued Liabilities

LEAs should maintain detailed information on all of their long-term debt, including issue date, interest rate, total debt outstanding, and principal and interest repayment. In general, LEAs should report liabilities in the General Long-Term Debt Account Group at face value, without premium or discount.

*GASB Codification* Section 1600.121 requires that long-term debt continue to be reported in the General Long-Term Debt Account Group until it is due. Only the portion

of the debt that will require the use of existing fund assets for settlement should be classified as a liability of the governmental fund. However, debt *may* be reclassified in the debt service fund if resources have already been accumulated in that fund at the end of the fiscal year for debt service payments due early the following year. It is recommended that a payment only be considered “due early in the following year” if it is to be paid within one month of the date of the balance sheet.

Accrued liabilities, such as accounts payable, should be reported in the governmental fund rather than in the General Long-Term Debt Account Group, regardless of whether they will be liquidated with current resources. There are exceptions to this general rule for the following specific types of liabilities:

- Claims and judgments
- Compensated absences
- Unfunded pension contributions
- Special termination benefits

In these cases a liability should be recognized in the General Long-Term Debt Account Group for the unmatured amount, i.e., the amount not yet due and payable.

## Entries in the Long-Term Debt Account Group

The following journal entries illustrate the recording of bonds payable in the General Long-Term Debt Account Group:

1. The LEA issues \$2 million of general obligation bonds to finance improvements to school buildings and grounds.

### General Long-Term Debt Account Group

DR Amount to Be Provided (9685)	\$2,000,000	
CR General Obligation Bond Payable (9581)		\$2,000,000

To record the long-term debt incurred by the LEA in connection with the issuance of \$2 million of general obligation bonds

2. The LEA remits a bond principal payment of \$70,000 and an interest payment of \$92,000.

### Bond Interest and Redemption Fund

DR Bond Redemptions (7633)	\$70,000	
DR Bond Interest and Other Service Charge (7634)	92,000	
CR Cash in County Treasury (9110)		\$162,000

To record the expenditure to retire the principal of bonds and to pay interest

### General Long-Term Debt Account Group

DR General Obligation Bonds Payable (9581)	\$70,000	
CR Amount to Be Provided (9685)		\$70,000

To reduce the general obligation bonds payable by the amount of principal paid

The entries using the standardized account code structure (SACS) are shown as follows:

1. The LEA issues \$2 million of general obligation bonds to finance improvements to school buildings and grounds.

### General Long-Term Debt Account Group

DR Amount to Be Provided		
97-0000-0-0000-0000-9989-000	\$2,000,000	
CR General Obligation Bond Payable		
97-0000-0-0000-0000-9661-000		\$2,000,000

To record the long-term debt incurred by the LEA in connection with the issuance of \$2 million of general obligation bonds

2. The LEA remits a bond principal payment of \$70,000 and an interest payment of \$92,000.

### Bond Interest and Redemption Fund

DR Bond Redemptions		
51-0000-0-0000-9000-7633-000	\$70,000	
DR Bond Interest and Other Service Charge		
51-0000-0-0000-9000-7634-000	92,000	
CR Cash in County Treasury		
51-0000-0-0000-0000-9110-000		\$162,000

To record the expenditure to retire the principal of bonds and to pay interest

### General Long-Term Debt Account Group

DR General Obligation Bonds Payable		
97-0000-0-0000-0000-9661-000	\$70,000	
CR Amount to Be Provided (9685)		
97-0000-0-0000-0000-9989-000		\$70,000

To reduce the general obligation bonds payable by the amount of principal paid

*Note:*

- See Procedure No. 805 for an example of the journal entries required for recording capital leases payable in the General Long-Term Debt Account Group.
- See Procedure No. 606 for an example of the journal entries required for recording certificates of participation payable in the General Long-Term Debt Account Group.
- See Procedure No. 609 for an example of the journal entry required for recording compensated absences in the General Long-Term Debt Account Group.

